

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-07 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 TRSE-00 IO-10

ACDA-05 SAJ-01 SSO-00 NSCE-00 USIE-00 INRE-00 PM-03

H-01 L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15 /074 R

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APPROVED BY EUR:WSTABLER

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EB - MR. MAGNOR

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION USBERLIN

AMEMBASSY LONDON

USMISSION NATO

AMEMBASSY PARIS

C O N F I D E N T I A L STATE 259030

E.O. 11652: GDS

TAGS: PFOR, ETRN, WB, GW, US, UK, FR

SUBJECT: PAN AM AND BRITISH AIRWAYS FARE INCREASE REQUEST

REFERENCE: BONN 18107

1. CAB HAS ADVISED DEPARTMENT THAT LEVEL OF PAN AM FARE INCREASE IS JUSTIFIED BASED ON SUPPORTING PAN AM FINANCIAL DATA. HOWEVER, CAB HAS GIVEN CLEAR INDICATION IN ITS ADVISORY (COPY POUCHED) THAT FARE INCREASE BEYOND THAT PRESENTLY SOUGHT MIGHT BE VERY DIFFICULT TO JUSTIFY.

2. DEPARTMENT AGREES (REFTEL) THAT ALLIED CAAS SHOULD AS MINIMUM ADVISE FRG BCATAG REP OF BA AND PAN AM FARE INCREASE PROPOSALS PRESENTLY UNDER CONSIDERATION BY ALLIED
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CAAS, HOWEVER WE WOULD FAVOR IMMEDIATELY FORMALLY TABLING

FARE INCREASE PROPOSAL IN BCATAG IF UK AND FRENCH CAAS CONCURRENCE CAN BE OBTAINED. US CAA SHOULD DISCUSS THIS POINT WITH UK CAA ON PRIVATE BASIS BEFORE RAISING IT IN CAA FORUM. CAA SHOULD EMPHASIZE TO HIS UK COLLEAGUE THAT OUR DESIRE TO PROCEED AT THIS TIME WITH FARE INCREASE PROPOSAL OF APPROXIMATELY SEVEN AND A HALF PERCENT IS BASED ON NEED TO RESOLVE IMMEDIATE PROBLEM FACED BY AIRLINES AND HOPEFULLY CAN BE PUT IN EFFECT BEFORE HOLIDAYS. US POSITION ON IMMEDIATE FARE INCREASE, HOWEVER, IN NO WAY COMMITS US TO AGREEING TO THE APPROXIMATELY TEN PERCENT ADDITIONAL

FARE INCREASE WHICH BRITISH AIRWAYS AND THE UK BELIEVE IS REQUIRED FOR BA TO CONTINUE PROFITABLE OPERATIONS. NEED FOR THIS ADDITIONAL TEN PERCENT INCREASE WILL, OF COURSE, BE DISCUSSED BY US AND UK OFFICIALS DURING POLITICAL DISCUSSIONS ON FUTURE OF BERLIN AIR SERVICES IN WASHINGTON IN MID-DECEMBER.

3. FYI. DEPARTMENT HAS NOT, AS YET, ADVISED PAN AM OF PLANS TO HOLD POLITICAL CONSULTATIONS WITH UK. WE EXPECT TO DO SO SOMETIME DURING WEEK OF NOVEMBER 25. INGERSOLL

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Message Attributes

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Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Disposition History: n/a
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30 JUN 2005

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